Automotive News®

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AMC promos to give away 1,000 units

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

American Motors will give away at least 1,000 vehicles in the next 12 months through various promotions, including 18 Jeep giveaway programs that will actually make money.

"Promoters are always contacting vehicle manufacturers about joint promotions and most companies offer vehicles for free," said Dan Gliniecki, national Jeep sales/merchandising promotion manager.

"However, because of the strength of the Jeep name, I can get money for the vehicles," Gliniecki said. "People will pay a premium to promote Jeep."

He said Jeep has 18 promotions scheduled, and will give away a minimum of 750 vehicles in the next year. AMC will give away another 250 Renault cars, he said.

While the programs were finalized and in place before the pending acquisition by Chrysler Corp., the starting dates of some are well after the sale is likely to be final.

Those promotions will include product tie-ins with large, well-known companies like Coca-Cola, Pennzoil and USA Today.

One promotion, with paper products maker Georgia-Pacific, will vie with a Chevrolet/Procter & Gamble program. The Chevrolet program will give away 750 cars and trucks as part of the launch for Corsica and Beretta cars and the GMT-400 truck. That program involves seven P&G brands, including two paper brands, Bounty towels and Charmin tissue.

The AMC program begins later this month and runs through Sept. 30. It will put game cards in 30 million packages of Coronet paper products. Participants win by collecting cards, or instantly by checking a "lucky number" against a list at the local AMC-Jeep-Renault dealership.

Prizes include three 1988 Renault GTA cars and three 1988 Jeep Cherokees, plus smaller items like cameras and key chains.

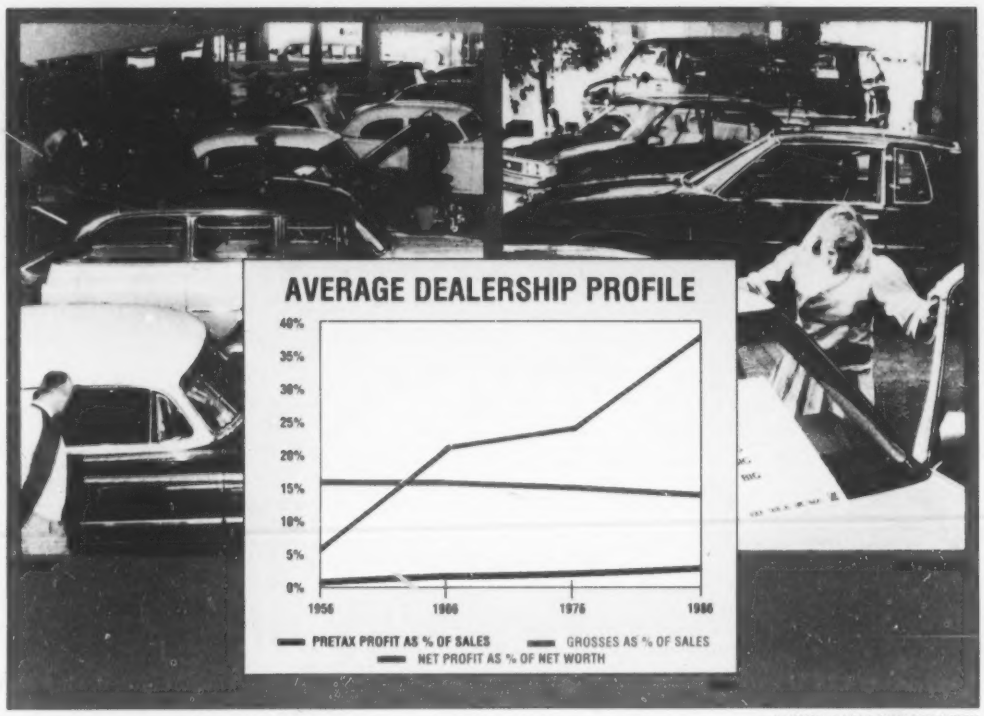
An executive of the agency handling the Georgia-Pacific promotion said the Coronet program was in place before the Chevrolet/Procter & Gamble plans surfaced.

Gliniecki said Georgia-Pacific is "participating" in the cost of the vehicles. It is a national program and there is no dealer participation cost.

"The whole purpose is to build showroom floor traffic," Gliniecki said. "If one percent of the people come in to check for the lucky number, that's another 300,000 people in our dealerships. A 10 percent return would be three million people."

There will be no special proce-

see AMC, page 57



AUTOMOTIVE NEWS CHARLOTTE WINTER

BIG DEALS: *NADA finds megadealer trend in 30-year volume, finance study*

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

Statistics compiled by the National Automobile Dealers Association show that size continues to be a crucial profit factor in the evolution of the U.S.new-car dealership.

A recent NADA study analyzing 30-year trends shows why little dealers want to be big dealers, and why big dealers want to be mega-dealers: The big ones get richer, and the smaller ones don't.

"In 1956, dealerships selling more than 750 new units a year were a rarity," an NADA document said. "Today, they account for 20 percent of the total dealership population and for well over half of total dealership sales in the nation."

The average dealership sold 640 new cars and trucks last year, nearly four times as many as the average dealership sold in 1956. Some of that increase resulted from dealership attrition.

Automotive News dealership census figures show that at the end of 1956 there were 39,138 new-car dealerships (domestic and import combined) in the U.S. By the end of 1986, that number had dwindled to 25,156.

U.S. new-car dealerships that sold more than 750 new vehicles in 1986 averaged total sales of $30 million.

The impact of the trend toward megadealers is even clearer: Last year there were some 500 dealer principals whose sales exceeded $100 million.

Nineteen percent of all dealers had a financial interest in more than one dealership. In the category of dealerships with more than 750 new-vehicle sales, about one-third have a stake in other stores.

In 1986, total sales at the average dealership were a record $11,248,628, up 7.4 percent from $10,476,-167 in 1985, and 15 times greater than the 1956 per-dealership average of $738,272.

Although those figures are in nominal dollars and

see DEALERS, page 62

Daihatsu strategy: big start, all duals

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LONG BEACH, Calif. — With an allocation of 11,498 cars for its first year and no guarantee of more the next, Daihatsu America is taking an unconventional U.S. introduction strategy.

It will spread its limited number of Charade three-doors over 150 to 200 initial dealers. These will be located in western and southern states ranging from the West Coast to Mississippi and Alabama, and start opening in October or November.

All start-up dealers will be duals, with no initial commitment to build exclusive facilities.

And, there will be no dealer ad associations to pool dealer and factory funds on a market-by-market basis.

The strategy contrasts with current conventional wisdom of relatively few dealers. Each sells a high volume in large, stand-alone showrooms and spends at least $200 per car through dealer advertising associations.

The Daihatsu strategy was outlined by Sota "John" Fukunaka, president and chief executive officer, and C.R. "Dick" Brown, vice president and chief operating officer, in an interview at Daihatsu's temporary offices near the Long Beach port.

Daihatsu faces several potential problems, including:

- It is the ninth and last Japanese car maker to attempt the U.S. market.

see DAIHATSU, page 57

ACURA

U.S. output slated, may be exported

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

PHOENIX, Ariz. — Honda will assemble at least one model of its Acura lineup in North America within three years and may eventually export U.S.-built Legends to Japan.

"When we reach 100,000 units of an individual model of Acura, that will justify producing it here," Tetsuo Chino, American Honda president, said in an interview during the press introduction of the Acura Legend Coupe, Acura's new image car.

"I'm not sure whether Integra or Legend will be first assembled here," he said. Sales now are evenly split between the two series.

Legend Coupe: starts at $22,458

Chino suggested that Honda could be the first Japanese automaker to build cars in North America and export them to Japan.

A recommendation on expanding North American production is due at the end of 1987. The decision will take two months after that, Chino said.

In any case, he said, "Honda will not increase U.S. imports beyond

see ACURA, page 58

VW stable despite woes, analysts say

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — The widening Volkswagen foreign exchange scandal has led to the firing of two key financial executives and could delay a planned sale of VW stock by the West German government.

The alleged $259 million (480 million German mark) fraud, now the subject of a broad criminal investigation in West Germany, also caused VW's stock price to fall sharply on the Frankfurt exchange and prompted criticism of Volkswagen management.

But despite all the sound and

see VW, page 62

Lotus strengthens staff to handle growth — Page 2
Chrysler won't sell Renault competitors — Page 3
Compact trucks have sports-car flair — Page 4

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ROADBLOCK

$87 billion in highway funds jeopardize hike in speed limit

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — President Reagan's promise to veto a highway funding bill passed last week by both the House and Senate greatly clouds the chances of increasing the speed limit on rural interstate highways.

Last week Congress approved a six-year, $87.5 billion highway and mass-transit package that would have given states the option of increasing to 65 mph the speed limit on an estimated 33,910 miles of rural interstate highways. The bill also provides funds to complete the 42,500-mile interstate system that was begun in 1956 under the Eisenhower administration.

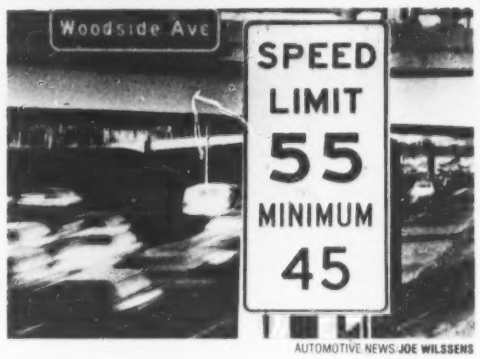
President Reagan has said he supports the right of states to set their own speed limits, but he is unhappy about overly-generous funding in the bill and the way money is distributed to the states.

The White House and the Congress are expected to reach a compromise on the legislation fairly quickly because most states are out of federal highway money and the spring construction season has begun in most parts of the country.

The compromise may not include an increase in speed limits, however, since the House approved of that provision by a narrow 217-206.

If states are given the right to set higher speed limits, the measure is certain to touch-off a highway safety debate featuring vehicle manufacturers, truckers, insurers, and public interest groups.

Vehicle manufacturers are expected to ask states without mandatory safety belt-use laws to enact them along with any increase in speed limits.



AUTOMOTIVE NEWS JOE WILSSENS

One reason the makers want mandatory-belt-use laws nationwide is that state laws would allow the Department of Transportation to withdraw its requirement that all vehicles be fitted with passive restraints by the 1990 model year.

The American Trucking Associations, the Insurance Institute for Highway Safety, the Center for Auto Safety and Public Citizen oppose higher speeds. They will ask state legislatures to reject a 65-mph maximum speed limit.

Those groups face grass-roots public hostility to the 55-mph speed limit in many states, however. It is almost certain that legislatures in many Western states will raise their speed limits as soon as possible.

ATA believes the current national speed limit of 55 mph is safer and results in more-economical truck operation. Some of the nation's larger truck fleets have also invested in equipment designed for a maximum speed of about 62 mph. Higher speed limits could put those carriers at a competitive disadvantage in winning freight contracts from owner-operators using older vehicles.

Chrysler-Renault proposal detailed

By Mary Connelly and Laura Clark
AUTOMOTIVE NEWS STAFF REPORTERS

DETROIT — Chrysler Corp. has agreed to sell no cars that compete with the Renault Medallion through the 1990 model year, and none competitive with Premier through 1992, according to documents filed by Chrysler with the Securities and Exchange Commission.

The letter of intent sent by Chrysler to Renault includes a provision that commits Renault to providing four-wheel-drive systems and V-6 engines for the Medallion to Chrysler unless Chrysler does not achieve unspecified sales levels.

The price of the Medallion will be raised on July 1, and price hikes thereafter will be in line with prices of all cars in the Medallion size class.

If Chrysler does not sell at least 300,000 Premiers equipped with Renault componentry by the end of 1992, it will pay Renault a penalty of $1,300 per car for the shortfall.

Chrysler will continue to purchase V-6 engines, a four-speed automatic transmission, a manual transmissions and interior componentry for the Canadian-built Premier from Renault. In addition, Chrysler will be allowed to sell versions of the Premier without Renault componentry provided the company first offers to its dealers cars equipped with Renault parts.

If Chrysler surpasses the 300,000 mark, Renault will reduce its component prices to Chrysler by 21 percent. At the 750,000 mark or the end of 1992, whichever comes first, Chrysler will have a paid-up license to manufacture the Premier in North America, according to the document.

Meanwhile, the proposed Renault-Chrysler is also affecting Chrysler's own products. Chrysler Motors is expected to update the technology on its Omni/Horizon America subcompacts now that their lives have been extended by Chrysler's proposed purchase of American Motors.

Among the updates planned are fuel injection and passive restraints.

Following announcement of Chrysler's bid to acquire AMC,

see CHRYSLER, page 57

Union set to strike GM Pontiac truck plant

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

UAW Local 594, representing about 9,000 workers at General Motors' Truck & Bus complex in Pontiac, has notified GM it will strike at noon Thursday (March 26).

The issues in the dispute have stirred union anger in plants nationwide. Some of those issues surfaced at two other Michigan locals in Livonia and Flint, last week.

Besides subcontracting and health and safety problems, many of Local 594's grievances — including line speedups and eliminating classifications — stem from the team method of production.

Local 594 members said GM has imposed the team method on Plant 6 of the Pontiac complex, ignoring the bargaining process.

Many locals have incorporated the team method and classification reductions into agreements designed to keep plants open.

Other local union leaders, including Donny G. Douglas, president of Local 594, and groups of rank and file workers, are now calling for an end to what they call this "whipsawing" by the corporation.

Inland Division's plant in Livonia, is viewed as the latest example of GM pressure for new work methods. Workers at the plant voted last Friday on management proposals to reduce classifications and implement the team concept. The results of the vote were not known at presstime.

Douglas said that GM also has been asking Local 594 to split seniority rights in its three divisions. That would block workers from transferring from one plant to another — an important issue at layoff time, when high-seniority workers can demand the jobs held by those with less seniority.

Last week, Fred Myers, president of Local 599, which represents the Buick City complex in Flint, said GM also is trying to separate a 2,500-member unit from that 15,000-member local.

About 1,000 of the almost 3,000 grievances in the Pontiac dispute were filed in Plant 6, which was recently modernized to produce the new C/K full-size pickup. The complex also produces medium and heavy-duty trucks and coaches and the S-truck.

A GM Truck & Bus spokeswoman said that the company is continuing to meet with local and international negotiators. "We hope a settlement can be reached without a strike," she said.

Douglas said that eliminating the traditional classification structure leaves workers vulnerable to arbitrary actions by management and deprives them of rights to move into jobs they prefer.

Local members said that GM's classification cuts have resulted in misclassifying workers transferring from a Flint Truck & Bus plant — from mechanic to assembler, for instance — and in requiring assemblers to perform maintenance work.

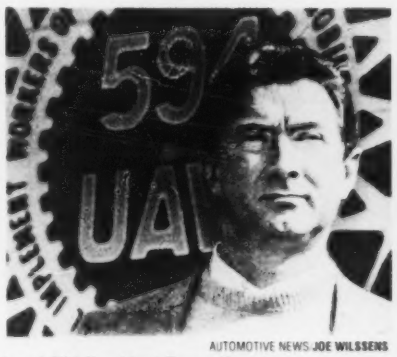
Some teams also have set line speeds unacceptable to other workers, Douglas said.

GM approached the Pontiac local months ago about opening its contract, which expires in the fall, but the local refused.

At that time, it was rumored GM would move medium-duty truck production out of Pontiac to Janesville, Wis., which had approved a new-style labor agreement. GM subsequently announced it would do so, at a possible cost of 2,000 Pontiac jobs.

GM previously had announced the sale of its coach and heavy-duty truck operations.

Michigan Commerce Director Doug Ross publicly criticized Douglas for not responding to GM's overtures and trying to keep medium-duty truck production at the plant. But Douglas said he maintained even before the Janesville local accepted a new contract that GM intended the medium-duty truck for Janesville.



AUTOMOTIVE NEWS JOE WILSSENS
Local 594 President Donny Douglas

Ralph Isenberg, a UAW trainer, said that Document 85 of the national agreement made possible such whipsawing. "It backfired on us. The document's intent was to give locals flexibility" in bargaining work rules and wages with GM, Isenberg said.

Harley Shaiken, professor of work and technology at the University of California in San Diego, said that several GM locals approved new-style agreements under the "economic pressure" of believing their plants would otherwise be closed.

Shaiken said he expects a backlash as other locals — such as 594 — negotiate their contracts this fall.

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Price of U.S.-built cars seen averaging $13,800 in '95

ANN ARBOR, Mich. — A survey of automotive marketing executives and consultants forecasts that the average price of U.S.-built automobiles will climb to $13,800 by 1995.

The average price of a U.S.-built car in 1985 was $11,600. Preliminary estimates from the U.S. Department of Congress indicate the average price last year was $12,-621.

The poll of more than 250 individuals was directed by University of Michigan engineering professor David E. Cole.

By 1995, the average foreign model will be about $900 more expensive than U.S. brands, according to the survey. Last year, imports averaged an estimated $540 more than domestics.

The trend toward smaller cars with more luxury options will continue through 1995, according to the survey participants. Downsizing will be far more modest than predicted in earlier forecasts.

Average ownership of new models will extend from four years to five, and imports will attract a wider share of the subcompact and compact market.

The survey is the fourth in a series of 10-year forecasts on the auto industry that began in 1979 at the University of Michigan Transportation Research Institute.

"The Delphi IV Forecast and Analysis of the U.S. Automotive Industry through 1995" examines marketing, technology and materials in the auto industry. It is being released in three volumes. The current volume examines the future market. The technology and materials segments will be issued within two months.

The marketing report said that to remain competitive, U.S. automakers should resist the temptation to extend their production capacity during the good years so they will have a low fixed-cost burden during weak sales years.

Other predictions included:

- The retail price of unleaded gasoline and diesel fuel will rise to an average of $1.60 in 2000, assuming no serious international energy problems.
- Reliability was seen as the No. 1 consumer concern.
- Car sales, which approached 11.5 million last year, will be 11.4 million in 1990 and 11.8 million in 1995. Sales of imported cars, which totaled 3.2 million units and accounted for 28 percent of industry sales last year, will total 3.1 million units, or 27 percent of industry sales, in 1990 and 3.4 million units, or 29 percent, in 1995.
- About 12 percent of total car sales are forecast to be supplied from foreign companies operating in the United States in 1990. Less than 4 percent were produced by these makers last year. The share could rise to about 14 percent in 1995.

Correction

A story in the March 16 issue of Automotive News saying that the American Motors board would accept the Chrysler Corp. acquisition within 60 days was incorrectly attributed to AMC Director Roy D. Chapin Jr. It should have been attributed to another AMC director, who spoke on the condition of anonymity.

TRUCK INDUSTRY

February truck sales by manufacturer and segment

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1987	TOTAL 1986
CHRYSLER	MO	49,206						49,206	39,678
	YR	87,031						87,031	80,013
JEEP	MO	14,532						14,532	16,023
	YR	31,023						31,023	33,360
TOYOTA	MO	20,437						20,437	28,519
	YR	38,840						38,840	55,408
NISSAN	MO	18,914						18,914	15,615
	YR	34,808						34,808	30,404
MAZDA	MO	8,558						8,558	9,693
	YR	16,917						16,917	18,341
ISUZU	MO	7,236						7,236	6,876
	YR	13,084						13,084	12,467
MITSUBISHI	MO	4,421						4,421	2,018
	YR	7,326						7,326	3,994
SUZUKI	MO	6,672						6,672	2,741
	YR	12,334						12,334	5,606
FORD	MO	108,135			787	2,109	822	111,853	96,058
	YR	188,755			1,600	3,849	1,490	195,694	194,715
FREIGHTLINER	MO						1,584	1,584	1,198
	YR						2,777	2,777	2,435
CHEVROLET	MO	90,352		12	594	581	31	91,570	96,866
	YR	156,106		21	1,108	1,081	58	158,374	185,885
GMC	MO	22,987		597	343	1,925	727	26,579	27,419
	YR	41,315		1,536	676	3,737	1,386	48,650	52,940
KENWORTH	MO						1,070	1,070	700
	YR						1,970	1,970	1,247
MACK	MO				233	224	1,141	1,598	863
	YR				474	473	2,023	2,970	3,182
MERCEDES	MO				141	225		366	240
	YR				245	356		601	663
NAVISTAR	MO			1	24	698	2,012	1,773	4,508	4,312
	YR			1	37	1,341	4,513	4,081	9,973	10,133
*PETERBILT	MO						580	580	639
	YR						1,173	1,173	1,224
VOLVO	MO					125	796	921	875
	YR					237	1,430	1,667	1,678
HINO	MO				27	25	113	165	0
	YR				46	59	161	266	0
NISSAN DIESEL	MO				43	24	65	132	0
	YR				64	63	121	248	0
ISUZU TRUCK	MO	312			8	16		336	0
	YR	654			14	24		692	0
MITSUBISHI FUSO	MO	17				7	11	35	0
	YR	17				13	30	60	0
SCANIA	MO						7	7	0
	YR						30	30	0
OTHER DOMESTICS	MO					11	54	65	100
	YR					11	120	131	180
GRAND TOTAL	MO	351,779		1	711	2,879	7,390	8,585	371,345	350,433
	YR	628,210		1	1,718	5,614	14,556	16,538	666,639	693,875
1986 YR to DATE		656,421		0	697	6,271	14,300	16,186		

Class 1-3 sales data reported by individual manufacturers; Class 4-8 data reported by Motor Vehicle Manufacturers Association.

Lease firms increase despite major buyouts

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Despite numerous acquisitions and mergers, the number of truck leasing companies is rising.

That's the report from John Simourian, president of Lily Truck Leasing in Boston and outgoing president of the Truck Rental and Leasing Association.

Last year, Ryder Systems, the industry's largest company, bought Saunders, the third-largest. And Hertz-Penske, the second-largest lessor, bought Leaseway, the fourth-largest.

Still, in 1986 several dozen other companies emerged, some brand new, with services fine-tuned to particular areas of expertise and geographical locations, Simourian said at TRALA's meeting here.

TRALA listed 27 new companies on its membership roll last year. It now has 183 members.

Michael Galardi, vice president of Temple, Barker & Sloane in Boston, who surveyed TRALA members' progress and attitudes, reported that:

- Insurance costs continue to be the top concern, although the increases have slowed dramatically to less than 20 percent in 1987.
- Most members believe the length of lease terms will continue to increase.
- Leasing prices are expected to rise and generate better returns for leasing companies in the next 18 to 24 months. That is expected to occur because of consolidations and elimination of excess capacity in full-service truck leasing.
- Members expect the acquisition frenzy to continue.
- Last year turned out to be better than anticipated.

"This year, 22 percent (of respondents) reported that 1986 turned out 'much better' than expected," Simourian said. An equal number said it was somewhat better than expected.

- Fleet sizes grew for both small and large leasing companies, though they increased at a faster rate among the larger firms.

Roughly one-third of TRALA's leasing company members, with revenues (excluding fuel sales) of more than $5 million, are classified as large. Those with less than $5 million are classified as small.

Generally, the average company's fleet grew about 7.5 percent in 1986. Among small companies, 22 percent reported their fleet size increased by 15 percent or more. Among large companies, 42 percent reported an increase of 15 percent or more in fleet size.

- The overall financial condition of member companies continued to improve, but the improvement was most significant for the largest companies.

Only 16 percent of small companies reported their financial condition improved significantly, while 33 percent of the large companies reported a significant improvement.

- Quality of service was rated more critical than price by customers in selecting leasing firms.

Rockwell purchases Iveco share; now owns all of Italian axle firm

TROY, Mich. — Rockwell International Corp. has acquired the remaining 40 percent equity in Rockwell CVC in Cameri, Italy, from Iveco Fiat, S.p.A., a subsidiary of Iveco B.V., the Fiat Group's truck operation.

Arthur P. Ronan, president of Rockwell's Automotive Operations, said the purchase of Iveco's minority interest would not change the management, engineering, manufacturing or marketing structure of the company.

Ronan said the purchase underscores "Rockwell's commitment to being an independent supplier of technologically advanced drive axles to the European truck industry."

Iveco's partnership, he added, was highly valuable, particularly in the start-up and launch of Rockwell's single-reduction drive axles in Europe.

Giorgio Garuzzo, managing director of Iveco, said Rockwell CVC will continue to be his company's major supplier of rear axles. It signed a new supply agreement to ensure the continuity of its purchases of axles it has been buying from Rockwell CVC.

Rockwell CVC, formed in 1981 as a joint venture between Rockwell and Iveco, produces a broad range of Rockwell-designed single-reduction hypoid drive axles for the European commercial-vehicle market.

Ryder Truck Rental to emphasize safety

MIAMI — Ryder Truck Rental has made safety its keynote concern this year.

Donald W. Estes, Ryder president, outlined some of the company's plans at its national District Safety Managers' Conference here.

RTR plans to develop individual safety programs geared to the specific needs of each RTR location. The company also is forming an RTR Safety Task Force to oversee its safety program.

Mack to sell notes linked to its assets

CRAIN NEWS SERVICE

ALLENTOWN, Pa. — Mack Trucks Inc. plans to launch a public offering of securities backed by heavy-duty truck receivables later this month.

It will be the first such offering by Mack and a first for the truck industry.

Mack Trucks Receivables Corp. (TRUCS) filed a shelf registration with the Securities and Exchange Commission in late February to issue $450 million of asset-backed notes. The company was formed for the offering and is a special-purpose subsidiary of Mack Financial Corp. which, in turn, is a subsidiary of Mack Trucks.

A company spokesman said Mack's first TRUCS offering likely will be about $250 million and is expected to be on the market in late March. If the market responds well, Mack Trucks plans at least two more offerings of $100 million each.

The company said it making the offering as a way to lower its debt. Mack Truck Receivables will use the proceeds to buy the heavy-duty truck loans from Mack Financial, which will use the money to lower its debt. The company now carries about $360 million in intermediate and long-term debt on its books with an average interest rate of 10.2 percent.

General Motors and some banks, including Marine Midland Bank, have made similar public as well as private placement offerings that use car loans as receivables. Banks also have used credit-card receivables.

GM and others expect a secondary market for automobile receivables to develop, much like the secondary mortgage market. Selling asset-backed receivables — such as car loans — will provide another source of funds to tap and ultimately should lower the cost of car loans to consumers, the company said.

Shearson Lehman Brothers Inc., New York, will handle the Mack offering.

GM workers sue UAW and local

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

A group of General Motors workers who are faced with the loss of their jobs have filed a $2.5 billion suit against UAW Local 15 and the international union.

The workers claim they were not allowed to vote on a contract GM offered the local in 1985 that could have kept two Detroit plants open. The offer included a $200 million investment by GM in the Fleetwood plant, which would have merged with the Clark Avenue plant. Both are slated to close in December.

Harold Dunne, attorney for the workers, said the class-action suit was filed in U.S. District Court in Detroit on behalf of 3,000 employees at the Fleetwood plant. Local 15 represents that plant.

The suit charges breach of duty of fair representation and denial of rights under federal law. The amount of the suit represents lost wages of employees and punitive damages.

The new contract could have resulted in the Fleetwood and Clark Avenue plants remaining open for many years, the workers said.

Automotive News reported on June 10, 1985, that former UAW Regional Director Frank Runnels said talks between the union and Fleetwood management on a concessions agreement broke off because management failed to offer the union guarantees that a new facility would be built on the Fleetwood site.

A spokesman for the international union said it had no comment at this time.

Dan Martin, a Local 15 committeeman, and Leland Stein, a former union official, are leading the group that filed the suit.

According to Joseph Wilson, president of UAW Local 15, the suit stems from the lack of legislation imposing limits and "fair standards" on corporations that want to close plants.

Wilson said the suit is also the result of the company whipsawing the local since 1980 and the international union failing to stop the practice.

Wilson said that an example of whipsawing is GM approaching locals whose contracts have not yet expired and asking for new agreements. He said that GM approached his local in 1985, though its contract runs until this fall.

"They go to one local union and say, 'Let's make a new agreement, and we might do this and that.' Then they go to another local with the same talk. The final result is the company puts work wherever they want," Wilson said.

CONFI-
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IMPORT SALES BY MODEL

	Feb. 1987	Feb. 1986	2 Mos. 1987	2 Mos. 1986
ACURA	7,056	0	12,723	0
Integra	4,428	0	7,961	0
Legend	2,628	0	4,762	0
ALFA ROMEO	597	297	1,108	701
AUDI	1,972	4,664	4,044	9,777
4000S	369	996	720	1,992
4000CS Quattro	161	355	368	751
5000S	969	2,361	2,026	5,040
5000CS Turbo	170	134	345	341
5000CS Turbo Quattro	221	582	406	1,179
Coupe GT	82	236	179	474
BMW	6,560	6,502	11,573	12,546
318i	3	215	4	483
524 TD	7	206	12	430
325	4,797	4,005	8,267	7,539
528e	790	838	1,576	1,656
535i/535iS	512	492	888	990
635CSI	151	214	293	444
735/L-7	255	532	486	1,004
M5	0	0	1	0
M6	45	0	46	0
CHEVROLET	8,815	10,198	18,743	20,179
Spectrum	5,205	5,104	11,261	9,867
Sprint	3,610	5,094	7,482	10,312
CHRYSLER/MITSUBISHI	9,690	11,231	18,393	23,102
Colt	5,819	8,326	11,838	17,295
Conquest	1,073	446	1,721	895
Vista	2,798	2,459	4,834	4,912
HONDA	21,797	33,806	42,279	70,824
Civic/CRX	8,728	18,568	18,462	40,231
Accord	7,228	9,114	13,933	17,904
Prelude	5,841	6,124	9,884	12,689
HYUNDAI	18,656	588	36,662	588
ISUZU	1,622	4,129	3,572	7,013
I-Mark	1,124	1,674	2,139	3,411
Impulse	498	2,455	1,433	3,602
JAGUAR	1,466	1,673	2,523	2,684
XJ6	1,062	1,356	1,882	2,147
XJS	404	317	641	537
MASERATI	60	137	120	262
MAZDA	10,049	19,448	21,092	38,441
323	4,043	6,627	8,015	13,696
626	3,857	8,390	8,415	16,455
RX-7	2,149	4,431	4,662	8,290
MERCEDES BENZ	8,134	7,526	14,258	15,218
190	1,781	1,967	3,138	3,855
260E	413	0	669	0
300	2,172	2,195	3,854	4,571
300SDL Turbo	679	23	1,127	62
420SEL	1,202	1,517	2,110	3,061
560SEL	622	739	1,088	1,349
560SL	1,054	822	1,908	1,695
560SEC	165	196	280	474
Tourist	46	67	84	151
MERKUR	486	1,288	896	2,363
MITSUBISHI	5,314	4,758	7,640	8,848
Starion	613	606	847	1,099
Cordia	452	512	632	924
Tredia	469	996	663	1,884
Mirage	1,596	1,156	2,324	2,298
Galant	1,504	1,486	2,214	2,643
Van/Wagon	680	0	960	0
NISSAN	41,661	30,711	77,661	66,048
Sentra	13,022	6,348	23,681	15,684
Pulsar	6,039	3,659	11,508	7,837
Stanza	6,306	3,843	11,649	8,824
Maxima	7,991	7,886	15,216	17,365
200SX	3,510	4,436	6,743	8,819
300ZX	4,457	4,294	8,261	8,995
Hawaii	336	243	603	524
PEUGEOT	639	1,154	1,558	2,113
PORSCHE	1,815	2,129	3,469	3,862
924S	178	0	309	0
944	420	1,325	835	1,710
944S	241	0	457	0
944 Turbo	221	0	417	718
911 Coupe	323	605	617	642
911 Turbo	87	0	182	182
911 Cabriolet	183	0	338	237
928S	162	199	334	373
RENAULT	0	307	0	657
18i	0	168	0	318
Fuego	0	139	0	339
SAAB	3,265	3,284	6,946	6,448
900	633	931	1,419	1,957
900S	995	957	2,190	1,740
900 Turbo	618	567	1,263	1,153
9000S	321	0	321	0
9000 Turbo	681	776	1,693	1,510
Tourist	17	53	60	88
STERLING	1,043	0	1,043	0
SUBARU	12,561	14,891	21,359	31,631
Hatchback	610	1,354	1,327	2,935
3-Door	999	674	1,737	970
4-Door Sedan	3,036	4,504	5,099	9,650
XT	1,700	1,936	2,689	3,962
Station Wagon	5,144	6,196	9,054	13,654
Brat	214	227	478	460
Justy	856	0	1,178	0
TOYOTA	34,713	40,012	64,015	85,297
Corolla	6,437	9,148	11,596	20,036
Tercel	5,602	5,457	9,975	11,168
Celica	5,426	8,059	9,996	17,302
Supra	2,321	366	4,363	777
Camry	9,887	9,197	18,928	20,222
Cressida	1,883	2,258	3,374	4,546
Land Cruiser	261	318	589	781
Van	1,157	1,541	2,067	3,288
4Runner SR 5	116	607	218	1,121
MR2	1,298	2,604	2,348	4,975
Hawaii	325	457	864	1,081
VOLKSWAGEN	8,349	10,268	13,923	20,773
Cabriolet	875	1,011	1,653	1,871
Jetta	5,083	7,328	8,599	14,957
Vanagon	704	816	1,212	1,597
Quantum	464	574	891	1,244
Scirocco	584	539	1,029	1,104
Fox	539	0	539	0
VOLVO	9,043	9,043	21,662	21,123
240 Series	4,507	4,359	10,606	10,294
740 Series	3,491	3,530	8,519	8,118
760 Series	931	883	2,356	2,044
780	0	0	1	0
Touring	114	271	180	667
YUGO	5,059	1,736	9,233	4,559
IMPORT TOTAL	220,422	219,780	416,999	457,057

Car sales in Canada decline 16%; trucks up 3%

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Domestic new-car sales in Canada in February were 16.76 percent below the total for the year-ago month.

Canadian dealers delivered 48,153 North American-built cars in February compared to 57,851 in February 1986.

Truck sales totaled 26,822 in February, up 3.06 percent from 26,026 a year earlier.

General Motors, Ford Motor Co., Chrysler Motors and American Motors continued to offer low-interest rates and/or cash rebates on small cars and light trucks to lure Canadian customers into dealer showrooms.

Sales for the first two months of 1987 were off 18.85 percent from the same period in 1986. The two-month total for this year was 85,869, compared to 105,818 in 1986.

Five domestic carmakers showed sales drops on a year-to-year basis. Honda, Canada's sixth automaker, began producing four-door Accord models in its Alliston, Ontario, plant in November 1986. Honda sold 96 Canadian-built cars last month.

MARKET SHARES
February 1987

Cars	
General Motors	51.70%
Ford Motor Co.	28.52%
Chrysler Motors	18.60%
American Motors	.73%
Volvo	.25%
Honda	.20%
Trucks	
General Motors	43.08%
Ford Motor Co.	36.42%
Chrysler Motors	15.32%
Jeep	5.18%

GM showed the biggest drop in February. It sold 24,896 North American cars, down 20.04 percent from 31,139 a year earlier.

A GM spokesman said the corporation offered $750 (Canadian) on its J, A, G and P models and full-sized pickups. The J-A-G car types are the Chevrolet Cavalier, Celebrity and Monte Carlo. The P-car is the Pontiac Fiero. No interest-rate incentives were offered by GM in Canada.

The Pontiac 6000 and the Chevrolet Celebrity were GM's best-selling models in Canada last month.

Ford car sales were off 5.86 percent, slipping to 13,734 from 14,589 in February 1986. Ford enticed Canadian buyers with 3.9 annual-percentage-rate financing on Tempo, Topaz, Mustang and Ranger models. Taurus and Sable were Ford's best-selling models last month with a combined total of 2,464 units.

Chrysler sold 8,956 cars last month compared to 11,080 a year earlier. A Chrysler spokesman said the automaker offered 3.9 percent financing and $600 to $1,500 in cash rebates on a wide range of models. However, sales trailed the year-ago total.

Sales of American Motors and Renault North American-built cars fell to 353 in February, down 59.47 percent from 871 last year. The company offered zero percent financing on all its vehicles until mid-February.

Volvo domestic sales in Canada also fell sharply in February, dropping 31.39 percent from the year-ago month. Volvo sold 118 cars last month compared to 172 a year earlier.

CANADIAN SALES

	Feb. 1987	Feb. 1986	Pct. Change	2 mos., 1987	2 mos., 1986	Pct. Change
AMC						
Cars	353	871	-59.47	852	1587	-46.31
Jeeps	1,388	822	+57.36	2,765	2,107	+31.22
CHRYSLER						
Cars	8,956	11,080	-19.16	16,836	21,186	-20.53
Trucks	4,111	4,256	- 3.40	7,887	8,222	- 4.07
GM						
Cars	24,896	31,139	-20.04	42,597	56,812	-25.02
Trucks	11,554	11,566	- .10	20,694	21,648	- 4.40
FORD						
Cars	13,734	14,589	- 5.86	25,119	25,851	- 2.83
Trucks	9,769	9,322	+ 4.79	18,457	17,776	+ 3.83
VOLVO						
Cars	118	172	-31.39	281	382	-26.63
HONDA	96	—	—	184	—	—
TOTAL CAR	48,153	57,851	-16.76	85,869	105,818	-18.85
TOTAL TRUCK	26,822	26,026	- 3.05	49,803	49,753	+ .10

A Volvo of Canada spokeswoman said the Swedish automaker was beset by transportation problems caused by heavy snow. Snow slowed the distribution of cars from depots to dealers.

Truck sales for domestic makers were brighter. Ford posted a 4.80 percent increase in February from the year-ago month. Ford dealers sold 9,769 trucks last month compared to 9,322 a year ago. AMC's Jeep sales were up 57.37 percent in February, going from 882 the year-ago month to 1,388.

GM truck sales of 11,554 were almost the same as 11,566 last year.

Chrysler, with 4,111, was down 3.40 percent from 4,256.

Sales of captive imports in Canada last month were as follows:

In addition to North American-car sales, GM sold 113 Isuzu-built Sunburst models (Spectrum) and 770 Suzuki-built Firefly models (Sprint). Ford sold 616 Mercury Tracer models and 34 Merkur XR4Ti models. Chrysler sold 624 Mitsubishi cars and 60 Peugeot cars. AMC sold 166 imported Renault vehicles, and Volvo sold 359 Swedish-built Volvo cars.

Honda sold 4,591 Japanese-built models in addition to the 96 produced in Canada.

Import-car sales double in Taiwan

TAIPEI, Taiwan — More than 30,000 imported cars were sold in Taiwan last year, up from about 13,000 in 1985. Imports now account for 20 percent of the local car market.

According to the Free China Newsletter, local auto dealers said the rapid growth in imported-car sales surprised Taiwanese automakers, who experienced a sales decline last year.

In 1985, dealers said, 13,000 foreign-made cars were sold in Taiwan, accounting for 10 percent of the domestic market. They predicted import sales will eventually account for 40 percent of the nation's new-car market.

Dealers attributed the growth of imported-car sales to a 5 percent reduction in import tariffs and lower retail prices.

Total sales of domestic and foreign cars in Taiwan were approximately 140,000 in 1986, the newsletter said.

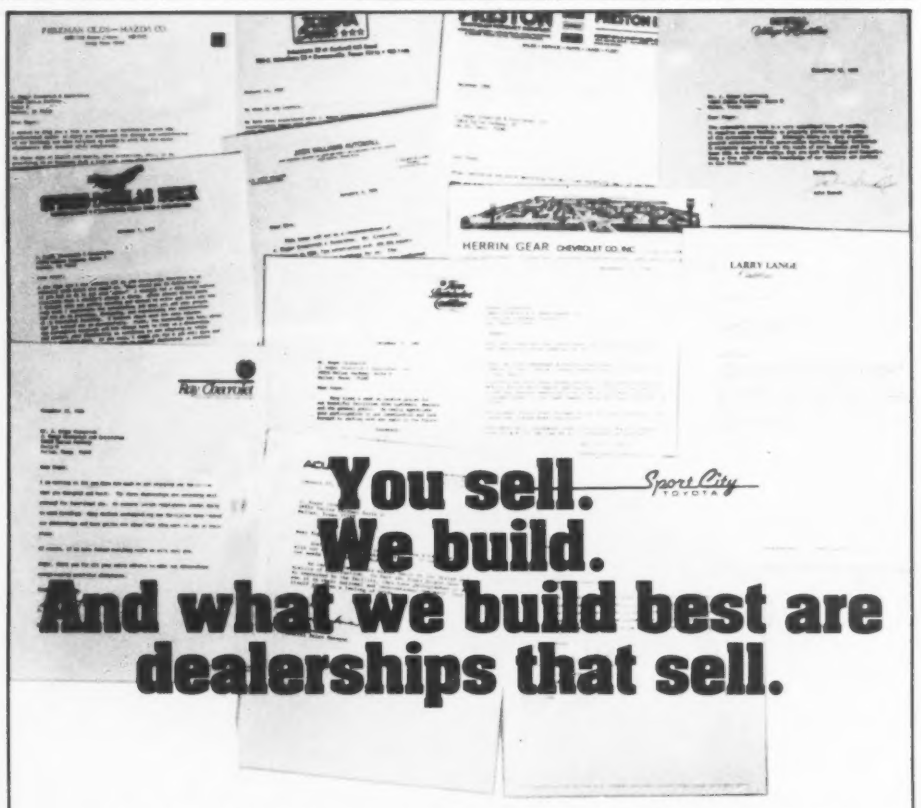
Big increase seen in Brazil's exports

SAO PAULO, Brazil — Brazil's auto exports are expected to total 250,000 to 300,000 units this year, compared with 182,100 in 1986. The increase will be due primarily to exports of the Volkswagen Fox to the United States and shipments of the Fiat Duna to Italy.

The United States and Italy will become Brazil's best automotive customers this year, according to Andre Beer, president of ANFAVEA, the country's auto industry association.

The Brazilian industry produced 1,057,000 vehicles in 1986. That was short of its all-time record of 1,165,000 in 1980.

For 1987, Beer forecasts output of 1,160,000 to 1,200,000 vehicles. Exports of $2.1 billion to $2.3 billion are expected to top the record $1.99 billion worth of vehicles and parts exported in 1981.



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PEARL-GUARD

Germany braces itself for metalworker strike

By Richard Johnson

With a German metalworkers' contract set to expire April 1, auto executives in Frankfurt are remembering the disruption caused by the union's seven-week strike in 1984.

But despite the threat of another walkout this year, West German industry leaders say they are more concerned about preserving the country's long-term stature as a major producer and exporter.

The 1984 strike not only ground German automakers to a halt, but also shut down much of the local supplier base and had a rippling effect across the world car industry.

With the existing pact about to expire and the two sides still far apart, prospects for another lengthy work stoppage are high. A strike this year would put a damper on a West German market that reached a record sales level last year and would put additional bottom-line pressure on a national industry hit hard by the deutschemark's steep rise against the dollar.

But West German auto executives claim their country's future as one of the world's major vehicle producers lies in the balance as this year's negotiations proceed.

I.G. Metall, the 2.6-million-member metalworkers' union, is seeking a 5-percent wage increase and a simultaneous cut in the workweek from an average 38.5 hours to 35 hours.

But according to a 19-nation survey by the German Association of Employers, German industrial employees already put in the fewest hours in the world. In 1986 they worked an average of 1,708 hours — 448 fewer than the Japanese.

In more than two months of negotiations, the two sides have been unable to come together on the critical issue of the length of the workweek. Gesamtmetall, the employers' association, has offered a small wage increase and some scheduling flexibility by permitting more time off Monday through Friday, if the time is made up on Saturday.

> "The 35-hour workweek is a problem of productivity. It wouldn't work. If they are tough in their demand, there will be a strike. The industry knows that we cannot accept this."
>
> **— Daniel Goeudevert, Chairman, Ford of Germany**

Gesamtmetall has been the employers' public voice, with car company officials generally staying mum on the subject. But two West German chief executives recently offered strong opinions in separate interviews with *Automotive News*.

Both Audi Chairman Dr. Wolfgang Habbel and Ford of Germany Chairman Daniel Goeudevert noted that the country's competitive stance is threatened by a reduction in work hours and seemed resigned to the high probability of a strike.

Habbel conceded the likelihood of a walkout, but promised that employers won't back down. He said the double-barrelled approach of higher wages and fewer hours has been the main stumbling block.

"If we would do both it comes to something like a 10 or more percent total increase in labor costs," said Habbel. "That's something the industry can't live with."

Goeudevert said a combination of a 5-percent wage increase and 35-hour workweek "would be absolutely disastrous."

"The 35-hour workweek is a problem of productivity," he said. "It wouldn't work. If they are tough in their demand, there will be a strike. The industry knows that we cannot accept this.

"There are a lot of good things about manufacturing cars in Germany and also a lot of bad things," he added. "We can't control exchange rates, but we can do a better job on labor costs. Asking for less working hours and more salary is driving us into a more difficult situation in manufacturing that kind of (high-quality) product in Germany and being competitive."

Because of the currency swing in the past 18 months, the Germans are increasingly nervous about competitiveness. Another spurt in German labor costs would severely damage the national industry, say many observers.

With growing penetration of export sales here in small-car segments and lower cost sources developing in places like Spain and Eastern Europe, a restructuring of the local car industry could be at hand. The general expectation is for more sourcing from outside Germany, both for components and built-up small cars.

The issue is one of West German quality, both at the manufacturer and supplier levels, against growing labor costs. None of the German producers predict a significant shift away from local suppliers in the short term, but a gradual movement among the high-volume producers seems likely.

Though Ford of Germany's West German content is now about 80 percent, Goeudevert said the long-term trend will be downward.

"I don't believe that in the next 10 years we'll be so far down that we'll be below 50 percent," he said. "By sourcing components outside Germany you run the risk of hurting quality reputation. The German suppliers also know they are high-priced... and that they are not alone in the world."

Hans-Erdmann Schonbeck, president of Verband der Automobilindustrie (VDA), the German industry association, said recently that West Germany's reputation for high quality "glosses over the disadvantage of the high cost level which the Federal Republic as a production locality has in international competition.

"Dampening of rising costs is of utmost priority in the interest of competitiveness and thus of job security," Schonbeck said. "A further reduction in the number of hours worked would additionally restrict the scope for wage increases."

But I.G. Metall, Europe's biggest trade union, is adamant on the issue of work hours. The union's seven-week strike in the summer of 1984 was designed to cut the workweek from 40 hours to 35 hours and succeeded in winning a 38.5-hour week.

Franz Steinkuhler, the union's new leader and the organizer of the 1984 strike, says shorter hours is the best way to increase employment in West Germany, where some 2 million persons are out of work.

A debate central to the negotiations has been the number of jobs that would be created through shorter hours. The union says 100,000 jobs were generated by the 1½-hour reduction in 1984, while the employers say the figure is more like 20,000.

Thus far, the union seems to have held the rank and file together on the workweek issue. I.G. Metall's rallying cry has been that the corporate treasuries are overflowing with the proceeds of several years of steadily growing profits. ■

Sales fall 4 percent in Western Europe in January

By Richard Johnson

Fiat Auto surged into the Western European sales lead in January as overall sales for the area declined 4 percent because of a sharp sales drop in West Germany.

The January total for Western Europe was 921,900, compared with 960,000 in January 1986.

Japanese sales and market share plummeted in January, reflecting a steep reduction in exports to Europe during the months of November and December. The Japanese reduced shipments because of pressure by European governments. But shipments from Japan were up 38 percent in January as manufacturers sought to replenish stocks.

The January sales estimates are derived from industry estimates compiled by *Automotive News*.

Fiat, with 148,000 sales, captured the top sales position from Volkswagen Group, the leader throughout 1986. Fiat held the lead even without including its new acquisition, Alfa Romeo, in the overall numbers.

With Alfa's 1.5-percent share, Fiat held a commanding 16.1 percent of the European market in January — nearly 3 percentage points better than the VW-Audi-Seat combine.

EUROPEAN SALES

Manufacturer	January 1987	1987 share*	January 1986	Pct. Change 1987 vs. 1986
Fiat Group**	148,000	16.1	146,800	+ 0.8
VW-Audi-Seat	123,000	13.3	130,200	– 5.6
Ford	106,200	11.5	117,700	– 9.8
PSA***	105,700	11.5	106,500	– 0.7
GM****	104,300	11.3	113,600	– 8.2
Renault	95,200	10.3	89,800	+ 6.0
Japanese (all)	86,400	9.4	99,600	–13.3
Toyota	20,400	2.2	24,500	–16.9
Nissan	18,500	2.0	22,500	–17.8
Mazda	14,200	1.5	18,900	–24.6
Mitsubishi	9,700	1.0	11,400	–15.3
Austin Rover	38,900	4.2	40,300	– 3.5
Mercedes-Benz	32,700	3.5	37,700	–13.3
Volvo	24,100	2.6	26,200	– 7.9
BMW	23,300	2.5	26,400	–13.0
Others	34,100	3.7	25,200	+35.3
Total	921,900	100.0	960,000	– 4.0

*—Total does not add to 100 percent because of rounding.
**—Includes Alfa Romeo
***—Peugeot, Citroen, Talbot
****—Opel, Vauxhall, Isuzu, GM-U.S./Canada

Volkswagen was hurt by the severe January sales downturn in West Germany, Europe's largest new-car market. Sales fell 27 percent after a brisk December, prompted by a Jan. 1 reduction in the tax write-off for cars equipped with catalytic converters. Sales totaled 145,900 in January, compared with 200,900 during the same month last year.

Among Europe's other major markets, Italy was up 3.0 percent, the United Kingdom fell 0.3 percent and France was down 2.8 percent.

Sales in Spain, Europe's fifth-largest and fastest-growing market, soared 86 percent in January. The country's auto industry is still riding a sales crest that got rolling last summer.

The West German decline was the main reason VW Group, Ford and General Motors each lost European sales and market share last month.

VW Group was down 5.6 percent overall to 123,000. The VW unit fell 13.3 percent, while Audi was up 6.5 percent and Seat sales rose 33 percent. In West Germany, group sales were off nearly 20 percent, though market share was up nearly 3 percentage points to 28.5.

Ford, in a virtual tie with Peugeot SA for third place in Europe, declined 9.8 percent because of a 53-percent January drop in West Germany.

General Motors, the No. 2 seller in Germany, was down 31.1 percent in that market and off 8.2 percent in all of Western Europe.

The slack West German market also explains why Mercedes-Benz slipped behind Austin Rover in Europe during January and why BMW dropped below Volvo. But despite the 27 percent decline, most industry analysts still expect the West German market to approach, though not match, the record 2.8 million sales chalked up last year.

Fiat benefited from a steady Italian market to ring up sales of 148,000, less than 1 percent better than January 1986. The figures include sales of 15,100 Alfa Romeo models. Alfa officially became part of Fiat on Jan. 1.

Fiat's 16.1-percent combined market share was followed by VW Group with 13.3 percent, Ford and Peugeot SA at 11.5 percent, General Motors at 11.3 percent, and Renault at 10.3 percent. Only Fiat and Renault had sales gains over the previous January. The French carmaker was up 6 percent.

In the second tier, Austin Rover held 4.2 percent of the European market; Mercedes, 3.5 percent; Volvo, 2.6 percent; BMW, 2.5 percent.

Each of the four leading Japanese makers in Europe — Toyota, Nissan, Mazda and Mitsubishi — fell sharply in January. Combined Japanese sales were 86,400, down 13.3 percent. The Japanese share was 9.4 percent, compared with 10.4 percent in January 1986 and 11.7 percent for all of 1986. ■

South African automakers post February sales gain

By Jeremy Sinek

February vehicle sales have left South Africa's automakers looking forward to 1987 with quiet, if guarded, optimism.

Total sales of 22,976 vehicles was a 10.7-percent gain on January and up 8.2 percent on February '86. This was made up of 15,162 passenger cars (up 13.3 percent) plus 1,131 medium and heavy trucks and buses, a rise of 41.4 percent off an admittedly very low base. All sectors except medium trucks were also up.

The improvement is being partly credited to the fact that used-car prices — fueled by a shortage of models traded in against new cars — have now risen so sharply that they are not much cheaper than new ones.

Toyota was the only automaker not to post increased sales. Its 3.7-percent drop to 3,712 units may have reflected stock shortages after the Christmas shutdown, but did not prevent its customary market leadership of 24.5 percent for the month. Toyota also posted a 29.2-percent gain in light commercials, where it took a 37.7-percent share of the market.

VW matched Samcor's 3,106 sales to score a 20.5-percent portion of the market. Samcor's tally comprised 1,719 Fords and 1,387 Mazdas, both of which are discounting heavily certain models.

A distant fourth was Mercedes/Honda with 1,525 sales (783 Hondas), while Delta Motor Corp. — formerly GM South African — sold 1,373 units, a 39.5-percent gain; 1,157 of those were Kadetts and Monzas, which pushed the GM subcompact into third place behind the VW Golf/Jetta (2,595) and Toyota Corolla (2,556).

BMW remained steady with 1,255 sales, while Nissan was again bottom of the passenger-car league with 1,082 sales.

Nissan's hopes for an improvement are pinned on launch of the new Skyline in June and a new subcompact later in the year. ■

OVERSEAS PRODUCTION

JAPAN

Cars

	12 mos. 1986	12 mos. 1985
Daihatsu	142,064	161,559
Fuji	287,039	259,673
Honda	1,025,403	956,410
Isuzu	211,178	213,052
Mazda	811,371	815,074
Mitsubishi	578,642	570,865
Nissan	1,769,484	1,864,701
Suzuki	300,604	236,198
Toyota	2,684,024	2,569,284
Total	7,809,809	7,646,816

Vans, Trucks, Buses

Daihatsu	460,455	417,378
Fuji	341,264	324,711
Hino	49,983	69,051
Honda	210,995	163,901
Isuzu	343,722	373,963
Mazda	384,254	378,618
Mitsubishi	599,333	581,912
Nissan	473,511	635,387
Nissan Diesel	32,703	36,351
Suzuki	571,807	545,703
Toyota	976,143	1,096,338
Others	707	954
Total	4,450,008	4,624,267
Total Vehicles	12,259,817	12,271,083

FRANCE

Cars

	12 mos. 1986	12 mos. 1985
Peugeot SA	1,467,903	1,308,635
Citroen	521,640	478,541
Peugeot/Talbot	946,263	830,094
Renault	1,305,191	1,322,887
Total	2,773,094	2,631,522

Vans, Trucks, Buses

CBM	43	57
Heuliez	173	0
Iveco-Unic	74	99
Peugeot SA	151,374	170,323
Citroen	66,713	74,578
Peugeot/Talbot	84,661	95,745
Renault	269,773	214,017
Sovam	84	89
Total	421,521	384,585
Total Vehicles	3,194,615	3,016,107

UNITED KINGDOM

Cars

	11 mos. 1986	11 mos. 1985
Carbodies	2,040	1,678
Ford	316,555	297,766
Jaguar	37,557	35,571
Lotus	636	765
Panther	229	108
Reliant	262	729
Rolls-Royce	2,325	2,308
Rover Group	374,267	435,696
Austin Rover	360,848	422,168
Range Rover	13,419	12,528
TVR	491	436
Vauxhall	147,958	140,462
Others	546	561
Total	937,251	973,507

Van, Trucks, Buses

Bedford	46,585	58,503
ERF	1,739	1,826
Foden	466	428
Ford	86,020	98,170
Hestair-Dennis	630	812
Iveco-Ford	4,980	0
Metro-Cammell Weymann	248	415
Reliant	22	51
Renault TI	3,806	4,734
Rover Group	63,871	84,109
Austin Rover	16,856	23,334
Freight Rover	16,977	17,685
Land Rover	19,647	28,562
Leyland	10,391	14,528
Seddon Atkinson	1,501	1,546
Others	148	171
Total	210,016	250,765
Total Vehicles	1,147,267	1,224,272

OVERSEAS REGISTRATIONS

SWEDEN

Cars

	January 1987	January 1986
BMW	226	222
Bertone	0	1
Daihatsu	44	78
Fiat Auto	364	534
Fiat	190	207
Lancia	126	272
Alfa Romeo	48	55
Ford	1,774	1,983
GM-Opel	1,944	1,768
Honda	159	249
Isuzu	8	0
Lada	102	127
Mazda	654	694
Mercedes-Benz	333	610
Mitsubishi	96	124
Nissan	322	901
Peugeot SA	464	429
Citroen	154	158
Peugeot/Talbot	310	271
Porsche	20	18
Renault	262	184
Rolls-Royce	1	1
Saab	2,364	2,036
Skoda	8	11
Subaru	118	108
Suzuki	62	36
Toyota	1,043	571
VW Group	2,066	2,211
Volkswagen	1,244	1,417
Audi	822	794
Volvo	4,760	4,807
Others	77	45
Total	17,194	17,703

DENMARK

Cars

	January 1987	January 1986
BMW	162	265
Dacia	2	31
Daihatsu	70	236
Fiat Auto	451	574
Fiat	420	527
Lancia	7	—
Alfa Romeo	24	47
Ford	759	1,797
FSO	19	73
GM-Opel	1,186	2,527
Honda	136	165
Jaguar	1	3
Lada	231	—
Mazda	804	1,389
Mercedes-Benz	142	100
Mitsubishi	102	27
Nissan	336	554
Peugeot SA	665	844
Citroen	364	680
Peugeot/Talbot	301	164
Renault	31	80
Rover Group	8	18
Saab	93	150
Skoda	124	219
Subaru	21	27
Suzuki	7	20
Toyota	856	1,463
VW Group	689	968
Volkswagen	510	827
Audi	137	80
Seat	42	61
Volvo	341	536
Wartburg	32	37
Zastava	52	97
Total	7,320	12,793

AUSTRIA

Cars

	January 1987	January 1986
BMW	472	687
Daihatsu	81	63
Fiat Auto	784	1,203
Fiat	694	1,038
Alfa Romeo	90	165
Ford	1,231	1,608
GM-Opel	1,631	2,253
Honda	306	345
Jaguar	5	7
Lada	81	70
Mazda	1,116	1,580
Mercedes-Benz	603	648
Mitsubishi	352	341
Nissan	592	813
Peugeot SA	916	1,024
Citroen	420	424
Peugeot/Talbot	496	600
Porsche	16	41
Renault	525	661
Rover Group	12	14
Saab	17	24
Skoda	34	50
Subaru	345	374
Suzuki	86	58
Toyota	917	1,132
VW Group	3,388	3,414
Volkswagen	2,693	2,728
Audi	635	582
Seat	60	104
Volvo	227	239
Others	12	3
Total	13,749	16,652

WEST GERMANY

Cars

	January 1987	January 1986
BMW	7,652	10,466
Bertone	16	15
Daihatsu	460	819
Fiat Auto	10,737	11,512
Fiat/Lancia/Ferrari	10,389	11,101
Alfa Romeo	348	411
Ford	11,471	24,232
GM-Opel	19,953	29,678
Honda	1,606	3,035
Isuzu	402	475
Jaguar	109	140
Lada	812	638
Mazda	3,245	5,139
Mercedes-Benz	22,595	25,395
Mitsubishi	2,728	3,672
Nissan	2,767	4,850
Peugeot SA	5,415	10,659
Citroen	2,095	3,968
Peugeot	3,320	6,691
Porsche	455	774
Renault/AMC	5,335	6,397
Rover Group	545	750
Saab	357	320
Skoda	120	190
Subaru	1,156	1,339
Suzuki	1,496	1,533
Toyota	2,965	5,685
VW Group	41,885	51,602
Volkswagen	30,044	41,679
Audi	11,335	9,622
Seat	486	301
Volvo	774	1,495
Others	72	136
Total	145,122	200,946

JAPAN

Cars

	12 mos. 1986	12 mos. 1985
Daihatsu	87,609	97,431
Fuji	73,699	82,116
Honda	304,946	296,634
Isuzu	59,067	46,677
Mazda	194,139	189,792
Mitsubishi	146,261	168,292
Nissan	765,738	781,801
Suzuki	63,626	68,331
Toyota	1,383,518	1,322,828
Imports (all)	68,357	50,172
Total	3,146,023	3,104,074

Vans, Trucks, Buses

Daihatsu	383,666	339,439
Fuji	233,327	226,545
Hino	37,856	38,366
Honda	203,487	158,049
Isuzu	114,131	119,237
Mazda	157,689	156,036
Mitsubishi	361,937	352,528
Nissan	248,702	265,475
Nissan Diesel	21,199	20,684
Suzuki	428,281	415,625
Toyota	371,345	360,559
Imports (all)	171	179
Total	2,561,791	2,452,722
Total Vehicles	5,707,814	5,556,796

BELGIUM

Cars

	12 mos. 1986	12 mos. 1985
Alfa Romeo	3,304	2,763
BMW	10,046	8,383
Daihatsu	1,856	1,601
FSO	954	946
Fiat Auto	16,265	13,544
Fiat	14,640	12,212
Lancia	1,625	1,332
Ford	35,082	32,531
GM-Opel	46,256	45,239
Honda	10,268	9,097
Hyundai	65	449
Isuzu	97	67
Jaguar	297	318
Lada	15,635	13,268
Mazda	9,596	8,903
Mercedes-Benz	12,037	10,070
Mitsubishi	9,985	8,876
Nissan	16,542	14,844
Peugeot SA	55,260	52,101
Citroen	25,734	24,906
Peugeot/Talbot	29,526	27,195
Porsche	479	460
Renault	33,038	33,499
Rover Group	4,956	5,224
Saab	1,644	1,299
Skoda	3,484	2,973
Subaru	3,157	2,438
Suzuki	3,061	2,345
Toyota	27,646	23,215
VW Group	61,870	55,093
Volkswagen	42,013	37,617
Audi	14,543	13,317
Seat	5,314	4,159
Volvo	9,960	8,442
Wartburg	936	1,080
Zastava	562	514
Others	656	249
Total	395,039	359,831

THE NETHERLANDS

Cars

	12 mos. 1986	12 mos. 1985
Alfa Romeo	4,022	3,734
BMW	12,777	12,834
Dacia	101	133
Daihatsu	6,461	4,436
FSO	305	279
Fiat Auto	36,007	31,811
Fiat	33,558	30,021
Lancia	2,449	1,790
Ford	57,812	56,464
GM-Opel	92,559	87,899
Honda	14,834	11,896
Hyundai	1,399	1,320
Jaguar	360	401
Lada	12,737	8,737
Mazda	23,080	16,785
Mercedes-Benz	13,317	11,912
Mitsubishi	14,629	12,697
Nissan	27,337	25,110
Peugeot SA	65,177	48,239
Citroen	31,124	24,870
Peugeot/Talbot	34,053	24,169
Porsche	210	225
Renault	27,713	28,916
Rover Group	5,365	5,774
Saab	2,563	2,461
Skoda	5,030	3,271
Subaru	4,303	2,963
Suzuki	15,857	12,267
Toyota	29,903	24,569
VW Group	56,741	52,184
VW/Audi	52,394	44,966
Seat	4,347	7,218
Volvo	29,056	26,676
Zastava	695	828
Total	560,512	495,720

AUCTION DIRECTORY

MASSACHUSETTS

Concord Auto Auction, Rt. 2, P.O. Box 257, Acton, Mass. 01720. Fleet & Lease accounts. Ford Factory Sale. Sale every Friday, 10 A.M. 617-263-8300.

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Memphis Auto Auction, 2650 Mt. Moriah Rd, Memphis, Tenn. 38115. 901-794-7700. Sale every Thursday at 7 PM. Mid-South's newest auto auction.

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Fort Worth Auto Auction, 2245 Jacksboro Hwy., Ft. Worth, TX 76114. Sale every Thursday. Contact: George Horton, 817-626-5494.

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Car, truck scrappage set records

DETROIT — R.L. Polk & Co. reported that automobile scrappage and truck scrappage each reached an all-time high in the United States in the year ended June 30, 1986.

Car scrappage totaled 8.4 million units, and truck scrappage totaled 2.3 million, Polk said.

The scrappage figures were contained in Polk's recently issued 62nd annual motor-vehicle registrations report, which covered the period from July 1, 1985, to June 30, 1986.

Polk said that although new-car registrations in the United States hit a 13-year high of 11.1 million for the period, the passenger-car population increased only 2.3 percent, the lowest rate of growth in three years. The total was 117.3 million, compared to 114.7 million a year earlier.

Despite increases in new-car registrations during the last five years and increased scrappage during the last four years, the median age of the nation's car population continues an upward trend, Polk said.

Polk's census showed the median age at 7.0 years, up from 6.9 years a year earlier and 6.5 years in 1983.

The trends are somewhat surprising, according to R.D. Borthwick, vice president and manager of aftermarket services for Polk's Motor Statistical Division.

"The logical assumption would be that we would see a decline in the median age of the nation's cars, based on the number of new cars sold through buyer incentives and the record number of automobiles scrapped," said Borthwick.

"Surprisingly, what we're seeing is an increase. Those that remain are getting older.

"The lower interest rates and controlled inflation have had a positive effect on overall new-car sales, but there remains a segment of the public which still can't afford a new unit. They seem to be hanging on to their cars, causing the increase in the median age of our total car population," Borthwick said.

Despite the record truck scrappage, the number of trucks in operation increased 5.8 percent, the highest increase since 1978, Polk said. The census showed 44.8 million trucks in use, up from 42.4 million a year earlier.

The census also showed that the median age for trucks continued to edge upward, reaching 7.7 years, up from 7.6 a year earlier.

Increases in new-unit registrations have more than offset the increase in truck scrappage, Borthwick said.

"The new truck business has been excellent," he said. "New-unit registrations for the year reached 4.7 million, and one-third of the vehicle-owning households in the U.S. now own at least one truck."

Borthwick said the increase in truck popularity comes partly from the public's acceptance of mini-trucks such as vans, pickups and sport/utility vehicles.

"The trends we're seeing probably can be traced to the downsizing of passenger cars begun in the late '70s," he said. "Many traditional car buyers appear to be switching to trucks, presumably for the cargo space and versatility for outdoor recreation."

The Polk census is based on more than 225 million state records processed by the firm and provides information for vehicle-related studies and planning. It is made available to vehicle manufacturers; automotive aftermarket suppliers; the tire, oil, glass and insurance industries; and government agencies and offices.

The company has compiled the census annually since 1924.

DRIVING: *Jackie Stewart puts advice on videotape for beginners, commuters and enthusiasts*

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Jackie Stewart, three-time world auto racing champion, is putting driving tips on videotape.

A 30-minute video, available in both VHS and Betamax format, goes on sale this month at a list price of $59.95. It is produced and marketed by Carl Lorimar Home Video, a partnership between Stewart, Carl Lorimar and Lorimar Telepictures.

The video is aimed at a broad audience ranging from auto enthusiasts to commuters to new drivers, Stewart said. In addition to individual sales, Stewart expects the tape to sell well to operators of video rental shops.

The tape covers basic driving skills, acceleration, braking, cornering and Stewart's trademark message — smoothness and rhythm in everyday driving.

"If I were a parent, I would want my young driver to see something like this simply because it's a safe motoring message that's coming from a driving authority more acceptable to young people than a parent or a police chief," Stewart said.

The tape is not being promoted by Ford Motor Co. or Ford dealers, despite Stewart's long association with Ford. It was independently financed and Ford is not mentioned by name in the tape, although Ford vehicles are used.

Stewart interweaves some race-car footage into the tape, but uses it to underscore his point about safety equipment being important regardless of the type of driving.

"We use a bit of play-acting as well, with a mother and baby stepping out into the street and a driver starting his morning commute and fumbling with a cassette tape while driving into the sun," Stewart said. "We used a stunt woman and a dummy baby, but the shot of them coming up onto the hood is an effective illustration, I think."

Stewart sees the tape as a first step. He would like to follow it with other videos for more-advanced drivers on winter or night driving, cornering and gear-shifting techniques and perhaps do another series of tapes in Europe.

AUCTION DATES

American Motors

March 24 — Statesville Auto Auction, Statesville, N.C.

March 25 — St. Louis Auto Auction, Bridgeton, Mo.; Columbus Fair Auto Auction, Columbus, Ohio; and Kansas City Auto Auction, Kansas City, Mo.

March 26 — D-A Auto Auction, New Stanton, Pa.; Corry Auto Auction, Corry, Pa.; and Evansville Auto Auction, Evansville, Ind.

March 31 — D-A Auto Auction, New Stanton, Pa.

Chrysler Corp.

March 24 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; NuCarPrep System, Santa Fe Springs, Calif.; and Dallas Auto Auction, Grand Prairie, Texas

March 25 — Southern Auto Auction, Warehouse Point, Conn.; A.D.E. of Alabama, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; and South Seattle Auto Auction, Kent, Wash.

March 26 — Fredericksburg Auto Auction, Fredericksburg, Va

March 27 — St. Louis Auto Auction, Bridgeton, Mo.

Ford Motor Co.

March 24 — South Seattle Auto Auction, Kent, Wash.

March 25 — Columbus Fair Auto Auction, Obetz, Ohio; Clanton's Auto Auction, Darlington, S.C.; and Southern California Auto Auction, Fontana, Calif.

March 26 — Baltimore-Washington Auto Exchange, Baltimore; Houston Predelivery Center, Houston; and St. Louis Auto Auction, Bridgeton, Mo.

March 31 — Harrisonburg Auto Auction, Harrisonburg, Va., and Indianapolis Auto Auction, Indianapolis

General Motors

March 24 — Harrisonburg Auto Auction, Harrisonburg, Va.

March 25 — Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Kansas City, Mo.; Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

March 26 — Butler Auto Auction, Gibsonia, Pa.; Aptco Auto Auction, Taylor, Mich.; Nashville Auto Auction, Nashville, Tenn.; and Southwest Auto Auction, Phoenix, Ariz.

March 31 — Dallas Auto Auction, Dallas, and 166 Auto Auction, Springfield, Mo.

Used Car Sales
Auction Averages

March to date	$5,794
Month ago	$5,711
Year ago	$4,859

Model Breakdown
Auction Averages

	MAR 1987	FEB 1987	JAN 1987
1987	$13,636	$13,406	$13,158
1986	$9,666	$10,038	$11,481
1985	$7,337	$7,382	$7,054
1984	$5,858	$5,940	$5,811
1983	$4,811	$4,843	$4,995
1982	$3,770	$3,628	$3,599
1981	$2,590	$2,537	$2,614
1980	$2,181	$2,167	$1,997
Overall Average	$5,794	$5,711	$5,129

AVERAGE DEALERSHIP

	1956	1966	1976	1986
Total Dealership Sales	$738,272	$1,469,399	$3,601,541	$11,248,628
Total Dealership Gross	$115,909	$230,696	$549,595	$1,596,180
As % of Total Sales	15.7%	15.7%	15.3%	14.2%
Total Dealership Expense	$110,003	$204,246	$476,484	$1,353,210
As % of Total Sales	14.9%	13.9%	13.2%	12.0%
Net Profit Before Taxes	$5,906	$26,449	$73,111	$242,970
As % of Total Sales	0.8%	1.8%	2.0%	2.2%
Net Pre-Tax Profit in Constant '67 Dollars	$7,256	$27,211	$42,881	$73,986
New Vehicle Dept. Sales	$442,963	$903,680	$2,207,745	$7,570,327
As % of Total Sales	60.0%	61.5%	61.3%	67.3%
Used Vehicle Dept. Sales	$162,420	$323,268	$785,136	$2,238,477
As % of Total Sales	22.0%	22.0%	21.8%	19.9%
Service and Parts Sales	$132,889	$242,451	$572,645	$1,439,824
As % of Total Sales	18.0%	16.5%	15.9%	12.8%
Average Net Worth	$131,923	$132,737	$305,993	$645,360
Net Profit as % of Net Worth	5.5%	20.5%	23.9%	37.7%
Advertising Expenses	$5,900	$12,200	$29,550	$133,900
Number of Employees	17	22	26	34
Annual Payroll	$70,000	$130,000	$327,000	$770,000

SOURCE: NADA

DEALERS

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are not adjusted for inflation, the trend is clear. During the 30-year period, general price levels increased 308 percent. Adjusting for inflation still leaves a real fourfold increase.

The total dealership gross margin was 14.2 percent in 1986, compared with 15.7 percent in 1956. However, total dealership expenses as a percent of sales were 12.0 percent last year, compared with 14.9 percent 30 years ago, suggesting that cost-reduction programs work.

Average dealership net profit before tax was $242,970, or 2.2 percent of sales, in 1986 compared with $230,476, also 2.2 percent of sales, in 1985. In 1956, the average was $5,906, just 0.8 percent of sales.

However, the impact of size was clear in this area of the NADA study, which reported that the average dealership selling fewer than 400 new vehicles a year "has not netted over 1.7 percent on sales since 1978."

Hence, the overall average sales return has been driven upward by ever-larger operations while the average smaller dealership has struggled.

In the last 30 years, average dealership net worth has increased from $131,923 to $645,360.

As a result, average dealership return on equity — that is, net profit as a percent of net worth — increased from 5.5 percent in 1956 to 37.7 percent last year.

Size also was a factor in return on equity. Last year, return on equity for dealerships selling more than 750 new units was about 43 percent, while for dealerships selling fewer than 400 units it was about 18 percent.

That disparity has grown. Ten years earlier, in 1976 when dealerships selling more than 750 vehicles became a measurable and statistically significant class, return on equity was 30 percent for that group, while for the average dealership selling fewer than 400 new units, 1976 return on equity was 20 percent.

The 30-year trend plotted by the study also showed that for the average dealership, annual advertising expenses have increased from $5,900 to $133,900.

While the average number of employees has doubled, from 17 to 34, the annual payroll has grown 11-fold, from $70,000 to $770,000.

There also was a shift in the relative importance of dealership departments.

In 1956, new-vehicle sales accounted for 60 percent of total sales, compared with 67.3 percent last year.

Used-vehicle sales were 22 percent of total sales in 1956 compared with 19.9 percent in 1986.

And 30 years ago, parts and service accounted for 18 percent of total sales, compared with just 12.8 percent last year.

NADA says extended warranties won't kill service-contract sales

NADA said that publicity generated by the warranty wars may cause consumers to consider how long they plan to keep new cars.

WASHINGTON — The Big Three battle over extended warranties will eventually affect dealers' sales of their own service contracts. But the initial effect will be minimal, according to the National Automobile Dealers Association.

The NADA analysis cited Chrysler Corp.'s experience with its 5-year/50,000-mile powertrain warranty — in effect since 1982 and for four years a longer warranty than that offered by other U.S. manufacturers. During that time, Chrysler dealers' service contract sales stayed strong and profitable, NADA reported.

NADA figures show that in 1986, Chrysler dealers generated an average gross profit per extended service contract that was twice as high as the average Ford Motor Co. dealer and 11 percent higher than the average General Motors dealer. Yet Chrysler's average contract was priced competitively with Ford and GM.

Moreover, the Chrysler extended warranty did not reduce the number of extended service contracts Chrysler dealers sold. In 1986, NADA's average dealer sold extended service contracts on some 36 percent of all new vehicles. The average was the same for Chrysler, Ford and GM dealers.

NADA said that publicity generated by the warranty wars may cause consumers to consider how long they plan to keep new cars. Dealers may experience a decline in the sales of more expensive service contracts, NADA warned.

VW's Brazilian losses deepen

Country's other makers expected to announce similar results

By Rik Turner
STAFF CORRESPONDENT

SAO PAULO, Brazil — Volkswagen do Brasil registered a loss of $146 million in 1986 compared with a loss of $59 million the previous year.

It was the fifth time in seven years that the company ended the year in the red.

According to Andre Beer, president of ANFAVEA, the automakers' association, VW is likely to be joined by most of the other manufacturers in reporting a loss.

All were hit last year by the price freeze decreed by the government at the end of February 1986 as part of the Cruzado Plan anti-inflation package. That measure froze car prices at a time when parts' costs were increasing and fed a consumer boom that resulted in waiting lists of up to 2½ years on some models.

Beer said, "All the automakers took losses on their operations in the domestic market, and the only ones that may be saved are those that exported heavily."

Of the four manufacturers in Brazil — Volkswagen, General Motors, Ford and Fiat — only fourth-place Fiat is believed by industry observers to have ended the year in the black. That was due more to its $350 million in exports than to its 13 percent share of the domestic market.

Nonetheless, all manufacturers are pressing ahead with programs for new models. All investments are, in fact, reinvestments or loans from headquarters.

GM is investing $500 million to launch the Kadett in late 1988. Also for next year, Ford is working on a modified Orion — currently known as the Nevada — at a cost of around $100 million. Fiat plans to invest $150 million between now and the end of the decade. VW, despite its losses, invested $123 million in 1986, mainly on the project to export its Fox to the United States.

On the other hand, the lack of profitability resulted in significant changes in the industry last year. The most dramatic was the formation of the Autolatina holding company composed of VW and Ford operations in Brazil and Argentina.

The two companies are already carrying out preliminary work on sedans and station wagons. The models will use common powertrains and other components but will have distinctive exterior and interior design. The cars will be introduced at the end of the decade.

Brazilian exports are expected to increase dramatically this year, some 50 percent in dollar terms, according to Beer. He estimated that 1987 exports could top $2.5 billion, compared with $1.7 billion last year.

He said that, for the first time, the bulk of the industry's export earnings will result from sales of built-up cars to developed world markets. "In 1987, our two main export markets will be the United States and Italy," he said.

VW projects exports of $800 million this year compared with $226 million in 1986. Fiat, which this year will be exporting some 130,000 vehicles including the Duna subcompact and Duna Weekend station wagon to Italy, expects to chalk up $500 million.

VW

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fury here, most analysts forecast little long-term damage for Volkswagen. The Wolfsburg giant, they say, has the financial wherewithal to absorb the loss and has a solid foundation for recovery of the stock price.

"The underlying business is still very strong," said one analyst.

Volkswagen disclosed two weeks ago that it may have been defrauded by unidentified persons outside VW, possibly in collaboration with company insiders. The perpetrators, VW said, forged currency futures documents, thereby exposing the company to a massive loss as the dollar fell precipitously against the German mark.

The practice of buying currency ahead to guarantee a rate of exchange is widely used by companies to protect against fluctuations.

Volkswagen has said little about the swindle, although a few details of the crime were revealed last week.

The chairman of VW's supervisory board, Karl Gustav Ratjen, said in a West German television interview that the fraud involved erasure of computer tapes and tampering with programs in 1984.

Ratjen said the scandal involved "a degree of criminal energy . . . that until now was unimaginable in a German company."

In a separate interview, VW Chairman Carl Hahn said he believed the suspected criminal activities were centered outside the company.

According to one report, VW's internal investigation was launched after the Hungarian National Bank refused to honor a forward dollar contract which came due on Feb. 18. The bank reportedly said it had no record of the contract.

The bank later confirmed that it helped identify fraudulent activities and that it offered to assist VW in its inquiry.

Two executives have been fired by VW in connection with the scandal, although both were already on their way out. Chief Financial Officer Rolf Selowsky was due to leave when his five-year contract expired in May. Instead, the supervisory board sought and received his resignation three days after the fraud was revealed. A spokesman said Selowsky was not implicated in the manipulation, but rather was dismissed on the principle of managerial responsibility.

Selowsky was said to be leaving in May because of a disagreement with Hahn's plan to create a new position on the management board with financial oversight responsibility for international operations.

Upon leaving, Selowsky was to have signed a new five-year contract as a VW consultant. But the status of that agreement was unclear last week.

Selowsky will be replaced on an interim basis by VW finance executive Peter Frerk. Dieter Ullsperger, a top financial officer at Kloeckner-Humboldt-Deutz, a West German engineering concern, had previously been tabbed as Selowsky's permanent successor.

Burkhard Junger, head of VW's foreign exchange department, had resigned in January over "differences of opinion" regarding the company's currency exchange policy. Junger had until September to formally leave the company, but left immediately in the wake of the scandal. According to some reports, he is now cooperating with state and federal prosecutors.

Six other VW employees, including Gunther Borchart, head of the finance and payments division, and Siegfried Muller, chief of foreign exchange clearing, were suspended, along with four currency traders on staff.

Though laying low last week, Junger protested his innocence in a story appearing in the West German magazine Der Spiegel. But he pointed to the possible involvement of the Hungarian National Bank and Joachim Schmidt, a Frankfurt currency broker.

The Lower Saxony state prosecutor's office, which has been joined on the case by federal authorities, said it is focusing its investigation on the Frankfurt banking community. A spokesman said the office is seeking to question Schmidt, a senior partner in a Frankfurt foreign exchange firm.

However, neither Junger nor the prosecutor's office specified the nature of the broker's suspected involvement. Schmidt was reported to be out of the country last week.

Meanwhile, a Frankfurt attorney revealed last week that he had approached Ratjen in February with information from an unnamed client who he said was familiar with the fraud and wished to cooperate with Volkswagen.

The attorney told a Frankfurt newspaper that Ratjen spurned the request to meet with his client. VW quickly issued a statement saying that Hahn met with the lawyer on Feb. 24, but that the attorney had received new instructions from his client not to release names or other information.

One consequence of the scandal last week was West German Finance Minister Gerhard Stoltenberg's statement that the investigation raises doubts about whether the government should proceed this year with plans to sell its 20-percent stake in the company.

Stoltenberg said the affair calls into question whether VW management has kept financial matters "under appropriate control."

The VW sell-off is part of a broader plan by the West German government to unload its shares in private companies. Its holding in VW has been valued at about $1.6 billion at current rates.

Volkswagen has said the loss will not affect the group net profit for 1986, expected to be in the realm of 600 million marks ($326 million), or about the same as 1985. The automaker has also said it will go through with its planned dividend payments this year.

Analysts say VW will dip into cash reserves to cover the foreign exchange loss.

"These German companies have huge amounts in reserve," said Sanjay Dabysing, an analyst at DRI-Europe in London. "The bottom-line results you see may have nothing to do with the actual profit."

The lack of impact on the bottom line reflects a frequent criticism of financial disclosure laws throughout much of Europe. Companies here have considerable leeway to conceal costs and assets in nondescript line items which are not reflected in published profit/loss results.

PRODUCTION

Year's output off 7%

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

U.S. automakers' scheduled production of 169,353 cars last week, 1.32 percent more than the previous week's 167,143, but 4.32 percent less than the year-ago week's 176,995.

So far this year, 1,844,187 cars have been assembled, 7.17 percent below the 1,986,709 completed last year at this point.

Companies split last week's estimated production as follows: General Motors, 52.59 percent; Ford Motor Co., 25.94 percent; Chrysler Motors, 11.46 percent; Honda of America Manufacturing Inc., 4.32 percent; New United Motor Manufacturing Inc., 2.36 percent; Nissan Motor Manufacturing Co., U.S.A., 1.72 percent; Volkswagen of America, 1.15 percent; and American Motors, 0.46 percent.

GM's Lansing (No. 2) plant is idle this week for inventory adjustment, affecting 3,500 workers. The plant is scheduled to resume output on April 6.

GM's Norwood, Ohio, plant is expected to resume production today (March 23). The plant has been idle for two weeks because of a material shortage.

As previously reported, GM's Arlington, Texas, facility remains down this week (March 23) for inventory adjustment. The plant is scheduled to resume output March 30.

Saturday (March 21) overtime was slated for GM's Lansing (No. 1) plant.

Ford's Dearborn, Mich., plant also was scheduled for Saturday overtime. All Ford plants are slated for daily overtime this week.

Chrysler's Newark, Del., and Sterling Heights, Mich., plants were scheduled for Saturday overtime and are slated for daily overtime this week.

Canadian car build tops 200,000

Canadian automakers' built their 200,000th car of the year last Thursday (March 19), 12 days behind 1986.

So far this year, 206,677 cars have been assembled, 17.36 percent below the 250,079 completed last year at this time.

Last week's targeted auto production of 17,820 cars was 1.18 percent more than the prior week's 17,613 but 27.58 percent below the year-ago week's 24,605.

Truck production totaled 18,682 units last week, 5.52 percent more than the previous week's 17,704 but 4.57 percent below the year-ago week's 19,576.

Year-to-date, 184,672 trucks have been built, 15.06 percent below the 217,416 assembled last year at this point.

General Motors' Ste. Therese, Quebec, plant remains idle for model changeover. The plant has been down since mid-February and is expected to resume output May 18.

Truck production dips for week

Domestic truck output of 79,355 units last week was 1.37 percent below the previous week's 80,458 but 5.94 percent above the year-ago week's 74,909.

Year-to-date, 860,735 trucks have been assembled, 4.28 percent more than the 825,428 completed last year at this point.

General Motors slated Saturday (March 21) overtime at four plants: Lordstown, Ohio; Pontiac, Mich.; Detroit; and Flint, Mich.

Ford Motor Co. scheduled Saturday overtime at its Wayne, Mich., plant.

All Ford truck plants are slated for daily overtime this week (March 23).

Chrysler Motors' Warren, Mich., plant is scheduled for daily overtime this week.

CANADIAN CAR	Week Ended March 21, 1987	Week Ended March 22, 1986	Week Ended March 14, 1987	March to Date	Jan. 1 to March 22, 1986	Jan. 1 to March 21, 1987
AMERICAN MOTORS	150	115	159	469	1,442	1,695
FORD MOTOR	11,645	11,025	11,376	34,421	127,496	123,251
GENERAL MOTORS	5,600	13,240	5,658	16,781	118,650	77,744
HONDA	200	0	195	572	0	1,512
VOLVO	225	225	225	675	2,491	2,475
Total Cars, Canada	17,820	24,605	17,613	52,918	250,079	206,677

U.S. TRUCK☆	Week Ended March 21, 1987	Week Ended March 22, 1986	Week Ended March 14, 1987	March to Date	Jan. 1 to March 22, 1986	Jan. 1 to March 21, 1987
CHEVROLET	23,802	25,990	23,730	70,993	286,937	249,876
DODGE	5,000	2	5,426	15,857	0	54,919
FORD	32,424	30,178	32,895	98,880	339,929	358,767
GMC	7,967	8,566	8,117	23,789	86,277	85,726
NAVISTAR	1,612	1,605	1,613	4,820	17,129	17,160
JEEP	4,470	3,915	4,507	13,508	51,820	49,419
NISSAN	1,730	2,203	1,820	5,340	16,564	19,018
AM GENERAL*	50	50	50	150	572	550
MISCELLANEOUS*	2,300	2,400	2,300	6,900	26,200	25,300
Total Trucks, U.S.	79,355	74,909	80,458	240,237	825,428	860,735

CANADIAN TRUCK	Week Ended March 21, 1987	Week Ended March 22, 1986	Week Ended March 14, 1987	March to Date	Jan. 1 to March 22, 1986	Jan. 1 to March 21, 1987
AMERICAN MOTORS	625	640	650	1,921	1,493	6,951
CHRYSLER	8,964	9,265	8,352	26,419	103,748	97,428
FORD	3,648	3,303	3,350	10,062	40,100	36,514
GENERAL MOTORS	5,245	6,148	5,153	15,182	69,938	41,596
NAVISTAR	200	222	199	595	2,137	2,183
Total Trucks, Canada	18,682	19,576	17,704	54,179	217,416	184,672
N. American Trucks	98,037	94,485	98,162	294,416	853,667	1,045,407

*—Includes window van production. **—Estimated.
Jeep includes commercial only. AM General includes government-declined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

U.S. CAR	Week Ended March 21, 1987	Week Ended March 22, 1986	Week Ended March 14, 1987	March to Date	Jan. 1 to March 22, 1986	Jan. 1 to March 21, 1987
AMERICAN MOTORS	775	2,023	730	2,280	12,580	8,374
Renault Total	775	2,023	730	2,280	12,580	8,374
Alliance	775	1,680	730	2,280	11,031	8,374
Encore	0	343	0	0	1,549	0
CHRYSLER MOTORS	19,400	30,695	22,383	64,975	341,828	277,109
Plymouth Total	5,400	8,352	6,888	20,267	95,543	101,857
Horizon	0	3,148	0	2,014	35,695	32,324
Sundance	2,100	0	2,607	6,949	0	25,272
Reliant	2,300	3,657	2,992	7,873	42,521	30,250
Caravelle	1,000	1,322	1,289	3,431	14,222	14,007
Gran Fury	0	225	0	0	3,105	4
Chrysler Total	7,500	10,424	8,108	22,727	122,189	71,374
Laser	0	1,108	0	0	12,023	0
LeBaron K	1,800	2,292	2,284	5,983	29,885	20,417
LeBaron J	2,000	0	1,546	5,352	0	18,514
LeBaron GTS	700	2,502	960	2,470	25,048	9,235
New Yorker/E-Class	1,900	1,835	2,315	6,102	17,640	19,873
Fifth Avenue	1,100	2,687	1,003	2,820	37,593	3,335
Dodge Total	6,500	11,919	7,387	21,981	124,096	103,878
Daytona	1,000	1,027	835	2,733	11,435	9,363
Omni	0	3,148	0	1,770	36,417	27,744
Shadow	1,900	0	2,214	5,995	0	22,714
Aries	2,200	2,825	2,476	6,729	31,080	25,849
Dodge 600	1,000	2,131	1,240	3,230	19,494	11,887
Lancer	400	1,922	622	1,524	19,342	6,317
Diplomat	0	866	0	0	6,328	4
FORD MOTOR	43,938	40,090	42,828	130,409	415,733	474,987
Ford Division	30,917	27,574	30,217	92,220	283,683	327,157
Escort	8,336	9,003	8,258	24,996	93,650	85,104
Mustang	5,338	4,162	4,529	15,022	47,130	52,003
Tempo	4,476	4,251	4,380	13,286	49,144	46,052
Taurus	9,350	6,497	9,652	28,702	52,157	110,583
Thunderbird	3,417	3,661	3,398	10,234	41,602	33,415
L-M Division	13,021	12,516	12,611	38,189	132,050	147,830
Mercury Total	8,955	8,236	8,511	25,946	87,994	105,617
Lynx	1,023	1,337	1,082	3,180	15,945	14,198
Capri	0	305	0	0	4,010	0
Topaz	1,021	1,167	1,088	3,206	15,443	13,840
Cougar	3,429	2,452	3,368	10,178	27,550	43,155
Sable	3,482	2,975	2,973	9,382	25,046	34,424
Lincoln Total	4,066	4,280	4,100	12,243	44,056	42,213
Continental	406	477	413	1,227	5,040	4,229
Lincoln	3,049	3,209	3,074	9,182	33,051	31,656
Mark VII	611	594	613	1,834	5,965	6,328
GENERAL MOTORS	89,055	93,614	85,087	264,356	1,101,970	911,604
Buick Total	14,314	14,844	13,667	41,043	174,464	150,862
Skyhawk	875	1,843	883	2,639	20,623	10,756
Century	4,339	4,590	4,426	13,397	57,115	47,599
Regal	1,055	1,525	1,063	3,117	10,896	11,166
Somerset/Skylark	2,045	1,929	1,973	5,974	22,435	21,006
LeSabre (fwd)	2,930	2,597	2,575	6,676	23,941	24,602
LeSabre/Electra (rwd)	290	368	327	900	3,136	4,912
Electra (fwd)	2,481	1,452	2,420	7,365	31,379	25,289
Riviera	299	540	0	775	4,939	5,530
Cadillac Total	8,208	6,946	6,769	22,637	71,837	80,757
Cimarron	452	715	501	1,375	5,832	5,114
Allante	65	0	49	169	0	540
Brougham (rwd)	2,340	2,005	2,193	6,743	18,792	22,001
DeVille (fwd)	4,000	3,236	4,026	12,094	38,434	41,743
Eldorado	718	574	0	1,155	4,990	4,276
Seville	633	416	0	1,101	3,789	7,083
Chevrolet Total	33,980	27,507	31,086	99,815	365,240	331,757
Chevette	0	2,178	0	0	29,022	0
Camaro	1,115	2,162	0	2,230	53,783	17,964
Cavalier	8,074	8,568	7,948	24,092	105,680	83,998
Celebrity	8,932	7,286	8,880	26,652	75,376	91,734
Corsica/Beretta	8,015	0	5,124	20,697	0	61,545
Monte Carlo	2,019	2,623	2,518	7,030	29,358	16,999
Chevrolet	5,185	3,882	5,970	17,188	66,413	52,430
Corvette	640	808	646	1,926	5,608	7,087
Oldsmobile Total	15,638	26,643	16,793	50,427	281,622	175,816
Firenza	325	1,401	294	886	12,595	5,021
Calais	2,755	2,788	2,645	8,039	35,733	28,788
Cutlass Ciera	3,589	4,904	3,615	10,960	72,114	46,211
Cutlass Supreme	1,250	4,108	2,535	5,927	51,419	12,089
88 (fwd)	5,008	9,910	5,063	16,270	67,238	53,809
88 (rwd)	380	470	383	1,132	5,916	4,472
Olds 98	1,876	2,679	2,258	6,396	33,078	21,190
Toronado	455	383	0	805	3,529	4,256
Pontiac Total	16,915	17,674	16,772	50,434	206,807	172,412
Acadian*	0	413	0	0	3,602	0
Fiero	1,076	2,225	1,199	3,446	21,144	8,744
1000	0	1,193	0	0	9,226	0
Firebird	1,056	1,114	1,012	3,122	30,499	16,470
2000 Sunbird	2,964	3,136	2,884	8,812	34,116	28,054
Grand Am	6,080	4,889	5,817	17,657	51,651	61,056
6000	2,280	3,108	2,303	6,863	38,158	20,196
Bonneville	3,150	0	3,159	9,459	0	34,909
Safari/Parisienne	310	1,596	398	1,075	20,409	2,983
HONDA	7,315	3,535	7,351	21,373	41,796	77,557
Civic	1,845	0	1,738	5,581	0	28,706
Accord	5,470	3,535	5,613	15,792	41,796	48,851
NISSAN	2,920	1,758	2,972	8,860	21,459	32,152
NUMMI	4,000	3,250	3,853	11,920	30,980	44,540
Corolla	750	0	848	2,422	0	9,099
Nova	3,250	3,250	3,005	9,498	30,980	35,441
VOLKSWAGEN	1,950	2,030	1,939	5,919	20,363	17,864
Golf/GTI	1,750	2,030	1,689	5,219	20,363	15,664
Jetta	200	0	250	700	0	2,200
Total Cars, U.S.	169,353	176,995	167,143	510,092	1,986,709	1,844,187
Total Cars, Canada	17,820	24,605	17,613	52,918	250,079	206,677
N. American Cars	187,173	201,600	184,756	563,010	2,236,788	2,050,864
N. American Trucks	98,037	94,485	98,162	294,416	1,042,844	1,045,407
North American Cars and Trucks	285,210	296,085	282,918	857,426	3,279,632	3,096,271

*—All Acadians are built for sale in Canada.
Monthly estimates may contain error of one or two units due to rounding.

Australian auto tariffs under fire

By Pedr Davis
SPECIAL CORRESPONDENT

SYDNEY, Australia — The Australian vehicle importing industry is attempting to persuade the federal government to reduce import tariffs. This, it says, would help curb a situation that has reached disastrous proportions.

Several industry executives have declared that the tariff on fully imported cars (currently 57.5 percent on landed cost) should be cut by an amount equal to the devaluation of the Australian dollar.

This country's dollar has fallen by almost 50 percent in respect to the Japanese yen and by 25 percent in respect to the U.S. dollar.

"A staggering $63,000 ($43,450 U.S.) of the price of this new car goes to the government in tax," said Ron Meatchem, managing director of BMW Australia, during the launch of the new $127,000 ($87,585 U.S.) 7-series model at the Melbourne auto show.

Meatchem said that the slump in locally made cars was costing the government huge sums in lost sales tax. This tax stands at 20 percent for cars under $30,000 and 30 percent on more expensive models.

Imported cars, which had been averaging 20 percent of total sales compared with early last year, are now below 10 percent.

In a strange alliance, the trade union movement is siding with the vehicle importers. The secretary of the NSW Vehicle Builders' Union, Bill Taylor, said the sales slump will mean continuing job losses.

Taylor blamed high interest rates, huge price rises following the devaluation of the Australian dollar, the fringe-benefit tax and the introduction of the so-called super tax on luxury cars imposed late last year.

PPG to operate Reatta paint shop

LANSING, Mich. — General Motors and PPG Industries announced an innovative agreement in which PPG will assume total responsibility for operation of the paint shop for GM's Buick Reatta.

The two-seater, which will be introduced in spring 1988, is being built at the Reatta Craft Centre, a part of the former Oldsmobile complex here. Production of pilot models began a week ago.

"Greater responsibility for suppliers is now an industry trend," said J. Robert Thompson, manager of the Buick Reatta Craft Centre. "Having PPG operate the paint shop for Buick Reatta is a natural extension of supplier responsibility, integrating PPG's coating expertise with the auto production expertise of GM."

GM will provide the area for the PPG paint facility, and PPG will spend $1 million to equip it.

The GM and PPG paint operations staffs have been consolidated under the PPG area manager, who reports to the facility's operations manager while remaining a PPG employee. The PPG area manager also is as a member of Thompson's GM staff.

During a transition period, GM salaried personnel policies will be administered jointly by PPG and Buick Reatta management. Eventually, all salaried paint shop personnel will be employed by PPG.